

Arizona Correctional Industries

Quality Times

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ACI Mission Statement

*To create opportunities
for offenders to develop
marketable job skills and
good work habits
through enterprises that
produce quality products
and services for our
customers.*

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ACI

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CEO Letter

ACI Employees:

October, the fourth month into the new fiscal year, was ACI's strongest month this year. October's financials reflect positive earnings: sales were \$2.8 million (\$2,820,652); our YTD sales are \$10,001,171. Profits were \$302,601 for October. Although sales and profits for the first three months of the fiscal year were less than projected they were profitable.

Last year was a record-breaking year and although we have new challenges in this fiscal year, I believe we are still on track for another successful year. This is heavily dependent upon all ACI staff to accept and believe in the Quality principles we are trying to implement throughout our company. It will take renewing our commitment to our mission, vision and core values (enclosed pg 4). Please read over them and ask yourself how you are aligning your work with them. I have emphasized in previous newsletters our commitment to our customers. Referencing specifically, "Everyone is passionately involved in making the customer happy". This is one that I consider at the very core of our success. Basically, a satisfied customer ensures that we continue to have and build business opportunities. However, it is important to understand that excellent customer service begins internally. Your daily interactions with co-workers, inmates, institutions, vendors, citizens of Arizona and others that rely on your work should be considered interacting with customers, too. Disney has been recognized as having one of the most acclaimed quality programs and they recognize the value of treating co-workers like customers as an opportunity for improvement. Disney's "Casts Delivery System," Tactic 4 reads "*Model ideal service behaviors internally by treating the Cast as Guests*". Each and every one of you is valuable to our organization's success; therefore, it is extraordinarily important that we treat each other well and foster a team spirit. I encourage you to take the time to thank those that have helped you and our business succeed. Together we have and will continue to be successful.

Everyone please have a safe and happy holiday. When giving thanks for this great country we live in, remember to give thanks to our military service men and women who are not with their families for the holidays, so we can be with ours.

Sincerely,

Bill Branson, CEO

Quality Standards/Results

ACI continues to pursue the highest standards for its Quality Program. Highlighted herein are some of the measures that are monitored to ensure high-quality products and services.

Monthly Sampling Comparison:

July	August	September	October
Inspected: 350,305	Inspected: 552,175	Inspected: 1,642,607	Inspected: 2,507,062
Passed: 349,184	Passed: 549,121	Passed: 1,639,489	Passed: 2,504,425
Total %: 99.68%	Total %: 99.45%	Total %: 99.68%	Total %: 99.89%

Rework Cost Comparison:

July	August	September	October
Labor: \$ 626.77	Labor: \$ 683.13	Labor: \$ 744.25	Labor: \$ 865.31
Materials: \$ 4,998.53	Materials: \$ 5,021.76	Materials: \$ 5,194.11	Materials: \$ 7,835.56
Total Cost: \$ 5,625.30	Total Cost: \$ 5,704.89	Total Cost: \$ 5,938.36	Total Cost: \$ 8,700.87

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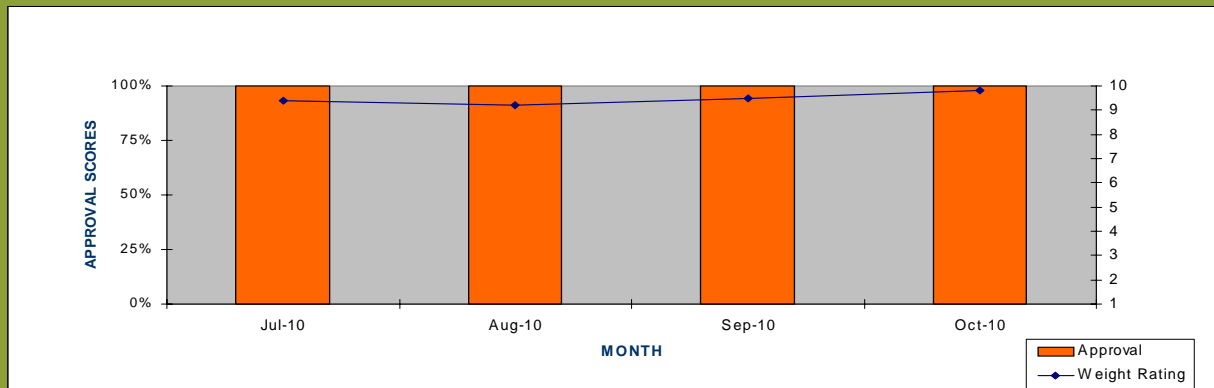
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*Please consider the environment.
Do you really need a paper copy of this
newsletter?*

CUSTOMER SATISFACTION

Customer satisfaction survey results continue to be exceptional:



We have had four months of perfect 100% satisfaction ratings from our customers. The average weighted score which reflects how satisfied the customer was based on a scale of 1 to 10 (10 being the best) for the same period of time was 9.48. *Great Job!*

Amongst the many positive comments:

July

ASU: “(Nick Angel) On top of things, follows up, very satisfied”

Arizona Golden Rescue: “(Print Shop) Great Job, timely manner, no delays, priced right, helpful staff”

August

Private Party/Customer: “(Wood/Metal) Fabulous job, beautiful work”

ADC Offender Ops: “(Jennifer Davis) always provides good service”

September

Phoenix College: “Enjoy working with Erika (Seborg)”

DES, Division of Child Support: “Very happy with the (Install) Crew and ACI”

October

Marana Public Schools: “Has had Rob King as rep for many years -- he is great”

Veteran’s Services: “Rates product satisfaction a 20 -- Nick Angel a 50 (out of 10)”



***ACI* December Meeting**

ACI Quarterly Overview

Presented by: Bill Branson, CEO; Dale Beatty, CFO;
and Glen Davis, Sr. VP

ACI Central Office Conference Room
Wednesday, December 8, 2010
Two Sessions: 10:00 a.m. – 11:00 a.m.
1:00 p.m. – 2:00 p.m.

Quality Tool Box... 5S Workplace Organization

Alexandra Benlein, Quality & Training Manager

In an effort to achieve workplace organization and enhance our Quality Programs within our company we are equipping staff and inmates with various quality tools. It is our intention to build a "Quality Tool Box" that allows us to apply the most effective tools to enhance/improve our quality and overall work environment.

The 5S System provides an organic and systematic approach to Lean production. It establishes a work environment that is disciplined, clean and well ordered. In Masaaki Imai's book, Gemba Kaizen, he states "As a general rule of thumb, introducing good workplace organization reduces process defects by 50%." The 5S System is a simple, yet effective tool that we want to compliment our quality programs. The 5S System establishes a visual factory. Effective implementation allows for quick determination of the workplace status. When there is "a place for everything and everything in its place" the opportunities are optimized to gauge non-verbally when things are out of order, production is behind or stalled, or work in process (WIP) is not where it should be. This tool is universal and can be applied in production locations, administrative offices, and even in your personal life.

THE BASICS: 1. **Sort:** identify what is needed and what can be removed from the worksite. Reclaim valuable work space by removing items that are hindering your production and/or identification of required materials. 2. **Set in Order:** Place items such as materials, equipment, files, storage in an effort to eliminate wasted motion (employee motion, walking and material movement). 3. **Shine (and inspect):** Define a standard of cleanliness and assign duties to ensure completion. While cleaning employees should inspect equipment. 4. **Standardize:** Establish a policy that identifies time allotted to maintain 5S on a regular basis. Commonly, companies establish a few minutes at the end of every shift for employees to complete their 5S duties. Post a cleaning checklist with responsibilities and schedules. Create 5S stations that have the cleaning materials required to maintain workplace organization. 5. **Sustain:** Make 5S a way of business. Involve all levels of the organization through auditing, verifying compliance, feedback on goals and participation in 5S improvement efforts.

The first three of the 5S Workplace Organization System (Sort, Set in order, and Shine) are often implemented with the expectation that the next two steps will happen naturally. Unfortunately this is not the case. The first three steps are the easiest to achieve, but true success of a 5S system is in the standardizing of the first three steps and the ability to sustain the program.

5S Workplace Organization

Standards

Sort

Sort needed and unneeded items.

Set in order

Put things in proper place and arrange.

Shine

Clean up the workplace.

Standardize

Standardize first three S's.

Sustain

Make 5S a part of the job.

Originally the 5S's stood for Japanese words:

- Seiri: to separate needed tools, parts and instructions from unneeded ones and remove the latter.
- Seiton: to neatly arrange and identify parts and tools for ease of use.
- Seiso: to conduct a cleanup campaign.
- Seiketsu: to conduct seiri, seiton and seiso at frequent intervals to maintain a workplace in perfect condition.
- Shitsuke: to form the habit of always following the first four S's

In January 2011, through our Mentoring Project with Intel the Regional Managers will be training on the techniques for conducting a 5S inspection. Additionally, we will be providing additional information to assist with complete implementation throughout our organization. *Let's get ORGANIZED!!*

In closing, we would like to feature items from your "Quality Tool Box" that are positively impacting the quality in your work areas. Whether it is a Lean Manufacturing philosophy previously discussed or an example of a 5S system that you already have in place, we are looking to share your successes. Please take a few minutes and send me a detailed email that we can share on your Quality effort. Send emails to abenlein1@azcorrections.gov.

ANNUAL TRAINING

ALL ACI STAFF

ADA AMENDMENT ACT
COMMUNICABLE DISEASE TODAY
FIRE SAFETY & HAZARDOUS MATERIAL CONTROL
DISCRIMINATION/SEXUAL HARASSMENT
KEY CONTROL
TOOL CONTROL
LEADERSHIP AND PROFESSIONAL BEHAVIOR PREVENT
SEXUAL HARASSMENT (Classroom Only - Mandatory Supervisor's Only Training)
VAN DYNAMICS (DEPENDS ON DUTIES EVERY 4 YEARS)
CARE (BI-ANNUAL)

ADDITIONAL TRAINING FOR IPS STAFF

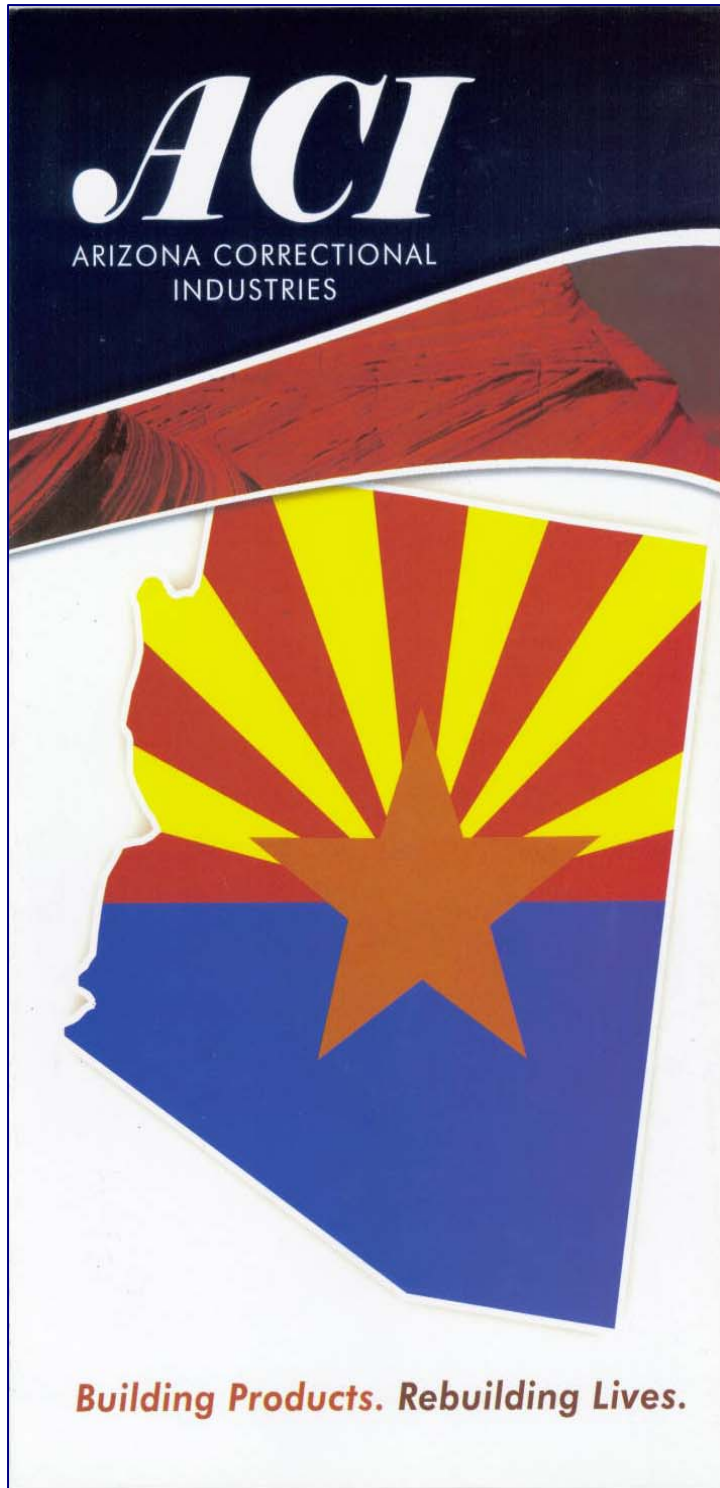
INMATE REGULATIONS
SECURITY DEVICE INSPECTIONS
APPLICATION OF RESTRAINTS
COUNTS
ICS: INCIDENT COMMAND SYSTEM
INMATE SUICIDE PREVENTION
REPORT WRITING
SEARCHES: STRIP, PAT, CELL AND VEHICLE
SELF DEFENSE (may opt out of physical component)

Mission Statement

To create opportunities for inmates to develop marketable job skills, civility and good work habits through successful enterprises that produce quality products and services for our customers.

Vision

To operate successful business enterprises that help inmates acquire demand occupation job skills and experience.



Core Values

Who We Are:

We are a unique self-funded business within the Arizona Department of Corrections.

We are Honest, Hardworking, and Dependable.

We have the Highest Ethical Standards and we always seek to do the right thing.

We enjoy our work and celebrate our achievements.

What We Do:

We employ inmates so they can learn and be productive.

We provide a safe and secure environment for all of our workers.

We strive to constantly improve.

We are accountable for our actions, our team.

We make a difference EVERY DAY.

How We Do It:

We provide a positive learning experience for all of our workers.

We balance our home and business life.

Our quality is the best – if we find out it's not, we fix it. If someone does it better, we learn from their ideas.

Everyone is passionately involved in making the customer happy.